Productivity Today

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Value Engineering Goal Exceeded (For FY 2000)

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Following in the tradition of its predecessor commands, the U.S. Army OSC exceeded its Fiscal Year (FY) 2000 Value Engineering Goal. With a great fourth quarter, the OSC pushed reported savings this fiscal year to over $37.8 million dollars topping the FY 2000 value engineering goal of $27.5 million. It was a true team effort. All installations and organizations that support the OSC VE goal exceeded their goals for the year. Furthermore, the Army, Chief of Staff, GEN Eric K. Shinseki sent a letter congratulating us on earning the DOD VE Field Command Award. We've attached a copy of that letter on page 10.

Installation	**Goal $K**	**Savings $K**	**% of Goal**
ARDEC (ammo)	9,000	10,530	117%
BGAD	1,100	1,226	111%
CAAA	1,600	1,730	108%
MCAAP	1,900	4,293	226%
PM 2.75"	2,900	6,479	223%
RIA	3,000	3,198	107%
SIAD	1,000	1,204	120%
TEAD	1,200	1,574	131%
FSC	4,300	6,007	140%
WVA	1,500	1,620	108%
OSC	**27,500**	**37,861**	**138%**

Thanks to all of you who supported the Value Engineering Program! Keep up the good work.

Tim Karcher, karchert@osc.army.mil, DSN 793-4767 and Deidre Eaton, eatond@osc.army.mil, DSN 793-5204

Thumbs Up!

MG Joseph W. Arbuckle gave OSC's VE Team a thumbs up for an outstanding job of exceeding the FY 2000 VE goal. Nevertheless, we can only celebrate briefly. Now that FY 2000 is over, we need to start planning for the new year and keep working toward our new goal. This year we had the usual fourth quarter rush to complete projects. However, we need to produce savings throughout the year instead of at the last minute. We've set a goal structure of meeting 15% of your goal during the first quarter, 40% the second quarter, 70% the third quarter, and of course the 100% or more at yearend. Keep the VE actions coming and thanks for your support throughout the past year and good luck for FY 2001.

Robert Combs, combsr2@osc.army.mil, DSN 793-7770

OSC Sets Fiscal Year 2001 Value Engineering Goal

Ready…Set…Go
The Munitions and Armament Command, and the Field Support Command, together have established their annual VE goal. The goals are rolled-up to develop a composite OSC goal and contained in the corporate Value Engineering Master Plan (VEMP). The purpose of the VEMP is to inform installations and organizations of policy changes in VE, to communicate our annual goal and structure throughout OSC, and to communicate each installation's intention to achieving their quarterly target and annual VE goals throughout the year.

The VE goal structure and annual goal for FY 2001 is as follows:

FY 2001 ($M)		
Blue Grass AD		$1.0
Crane		1.7
McAlester AD		1.9
Rock Island Arsenal		3.0
Sierra AD		1.0
Tooele AD		1.0
Watervliet Arsenal	1.3	
Field Support Command		1.8
ARDEC Ammo		4.7
Ammo Other		3.3
OSC Goal		**$20.7**

Again this year the goal for the OSC is 1 percent of our total operating budget. Together, we will work outside our traditional comfort zone to ensure the quality of our products and value of our manufacturing, maintenance, storage, munitions, and business areas.

Mary Rus, rusm@osc.army.mil, DSN 793-4552

Value Engineering Change Proposal (VECP) Implements Packaging Change for 5.56mm M855 Ball Cartridges

Olin Corporation/Winchester Division Lake City Army Ammunition Plant submitted a VECP that proposed to package the 5.56mm, M855 Ball Ammunition in a commercial type pack for range qualification use only. Originally, Olin packed the ammunition in a level A package that consisted of packaging the M2A1 in a metal ammunition can and then placing it into a wooden box bound by wire. The proposed new packaging utilizes fiberboard boxes in place of the metal can and the wooden crate. The new packaging also employs tape and polypropylene banding instead of the metal banding. Lake City Army Ammunition Plant implemented the change, consequently saving the Government $1,817,658.00.

Robert Roehlk, roehlkr@osc.army.mil, DSN 793-6935

Value Engineering Training

Value Engineering strives to make systems and production items more productive for our soldiers and the civilian workforce. Consequently, our work environment is better, faster, and cheaper. The OSC's Value Engineering team is available to help you accomplish your goals. The OSC has an excellent staff which includes SAVE International certified instructors (otherwise known as Certified Value Specialist). We await the opportunity to support your VE program by offering training at little or no cost. Below are the courses we presently conduct.

Principles of Value Engineering (PVE) (2 days)
This is the core VE course offered to employees and managers. The first day focuses on VE analytic methods and tools. The second day focuses on group projects. The class is tailored to 10-25 trainees.

Targets of Opportunity Panel (TOP) (2 to 4 hrs)
The purpose of a TOP is to identify promising topics for VE study. Often managers and employees cannot think of promising study topics on their own. However, in a structured setting, facilitated by an objective and experienced panel facilitator, managers and employees repeatedly have quickly produced long lists of promising study topics, which then serve as the basis for projects in future PVE classes or value engineering studies.

Module I VE Workshop (40 hours)
SAVE International certifies this workshop. A Certified Value Specialist conducts this course and it is part of the requirement for those interested in becoming certified value specialist themselves. The workshop combines the teaching of VE principles with hands-on team work on live projects. This gives students the opportunity to learn while applying VE to improve products and processes.

Module II Advanced VE Seminar (24 hours)
This is the advanced seminar that SAVE International requires for their certification program. It explores the participant experiences in applying VE methodology. The seminar includes guest speakers who help expand the participant's knowledge in various VE techniques. This course is also part of the curriculum for people interested in becoming certified values specialist.

VE Program Executive Overview (VEPEO) (1 hour)
This course (briefing) gives the military and civilian leadership an overview of the OSC VE Program. The briefing reviews value analysis/engineering analytic methods, and relates how employees can use the application of these analytic tools to improve business processes, manufacturing processes, and design of equipment. Lastly, the course will cover what it takes to set up a successful VE Program and what partnering opportunities the OSC VE Program Team provides.

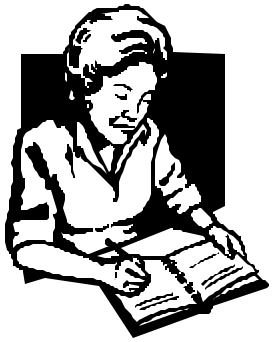
Contractual VE Incentives (CVEI) (1 hour)
This course quickly reviews the VE Clauses in the FAR. It explains when employees should use the clauses and why the clauses are beneficial to the Government and the contractor. Additionally, the class discusses the requirements of VECPs and shows examples of contractual settlements.

Call DSN 793-3470 and let us know your needs.

Robert Combs, combsr2@osc.army.mil, DSN 793-7770

Congratulations on meeting the FY 2000 goal!

Crane Army Ammunition Activity (CAAA) Training



Deidre Eaton and Robert Combs conducted a PVE session at CAAA, 12-13 Sept 2000. The class consisted of 13 Army employees and 3 Navy employees. The class emphasized the methodology of value engineering and instructed the employees on the process for submitting a value engineering proposal. CAAA reported approximately $1.73M in savings which is 108 percent of their FY 2000 VE goal. Furthermore, Crane Navy Surface Warfare Center (NSWC) requested additional training on the contractual aspects of value engineering. The NSWC is holding the class in 24 October 2000.

Deidre Eaton, eatond@osc.army.mil, DSN 793-5204

Command Assessment at Watervliet Arsenal (WVA)

On 11 Sep 2000, Mr. Elias Pizano attended the Command Assessment at WVA to review their value engineering program. He reviewed and discussed the following areas with Mr.Larry Berben, WVA's VE program manager:

- o Value Engineering Proposals (VEP)
- o Yearly savings goal
- o Training
- o Engineering studies.

The assessment proved that WVA is in compliance and doing a good job with complying with VE requirements. During the visit, WVA submitted a VEP on the M256, 120MM Barrel Life Determination procedures. This VEP saved $1.6M, which exceeds WVA's FY 2000 VE goal of $1.5M. At the request of Mr. Berben, the VE team will return during the Spring 2001 to conduct a Principles of Value Engineering workshop that will cover methodology, principles, and applications of value engineering.

Elias Pizano, pizanoe@osc.army.mil, DSN 793-7773

That's an amazing invention [the telephone], but who would ever want to use one of them? - Rutherford B. Hayes

Army Ideas for Excellence Program (AIEP)
-Employee Involvement Association (EIA) Conference-

The EIA held their 58th annual EIA Conference in Orlando, FL, 20-22 September 2000. The annual EIA Conference is one of the few training opportunities available for AIEP personnel.

MAJ Melvin T. Wittenburg and MAJ Darryl A. Crawford, HQDA, presented briefings describing the benchmarking process. Currently, a multi-level team is in the process of benchmarking the AIEP. Their efforts began in the summer of 1999. The Benchmarking Team will out-brief their results to HQDA in November 2000. The HQDA expects the following results from the benchmarking process:

- Increase suggestion submissions
- Continuous improvement in the Army
- Save taxpayer dollars

The HQDA included the rewrite of the Army Regulation (AR) 5-17, AIEP in their benchmarking process. The HQDA's timeline indicates they will publish the AR 5-17 rewrite in 2001.

Gloria J. McKinney, mckinneyg@osc.army.mil, DSN 793-6989

Productivity Measurement Program (PMP) Reports

In October 2000, OSC will convert to Activity Based Costing (ABC) based PMP Codes in the Automated Time, Attendance and Production System. The change to the ABC-based PMP code structure will only affect OSC and the U.S. Army Munitions and Armaments Command at this time. The U.S. Army Field Support Command (FSC) and other OSC off-site installations and organizations that we currently support will convert to the ABC-based PMP codes at a future date. For now, we will continue to support these organizations by maintaining the existing PMP code structure.

The conversion to the ABC-based PMP codes also eliminates our ability to provide certain reports that we previously provided to management and other customers. The special project codes that we used in the past are not in the new ABC-based PMP code structure. Therefore, we will not be able to provide PMP reports by special project code. We will still be able to track special projects with the universal codes, such as ADM and NON.

On a positive note, we will now be able to provide PMP reports that identify our customers for those using the ABC-based codes. For the FSC and the other off-site installations and organizations, we will continue to provide PMP reports by special project code, as before.

Input of the new ABC-based PMP codes is almost complete. We will begin reporting hours under the new codes on 8 Oct 2000.

Chester Lind, Lindc@osc.army.mil, DSN 793-4649.

Management Controls Process For Information Systems

There are two broad groupings of information system controls included in the Government Accounting Office Standards for Internal Control in the Federal Government: general control and application control.

General control applies to all information systems - mainframe, minicomputer, network, and end-user environments. This category includes:

- Data center and client-server operations controls include back-up and recovery procedures, and contingency and disaster planning. Moreover, data center operations controls include job set-up and scheduling procedures and controls over operator activities.

- System software control includes control over the acquisition, implementation, and maintenance of all system software including the operating system, data-based management systems, telecommunications, security software, and utility programs.

- Access security control protects the systems and network from inappropriate access and unauthorized use by hackers and other trespassers or inappropriate use by agency personnel. Examples of specific control activities are frequent changes of dial-up numbers; use of dial-back access; restrictions on users to allow access only to system functions that they need; software and hardware "firewalls" to restrict access to assets, computers and networks by external persons; and frequent changes of passwords and deactivation of former employees' passwords.

- Application system development and maintenance control provides the structure for safely developing new systems and modifying existing system. Application system includes documentation requirements; authorizations for undertaking projects; and reviews, testing and approvals of development and modification activities before placing systems into operation. An alternative to in-house development is the procurement of commercial software, but control is necessary to ensure that selected software meets the user's needs and that the commercial vendor places it into operation properly.

Application control covers the processing of data within the application software. This type of control ensures completeness, accuracy, authorization, and validity of all transactions during application processing. We install the controls at an application's interfaces with other systems to ensure:

- That the system receives all inputs and that the inputs are valid.
- That the system properly distributes correct outputs.

An example of application control is computerized edit checks built into the system to review the format, existence, and reasonableness of data.

Craig Borgh, borghc@osc.army.mil, DSN 793-493

Military Quotes:

It is fatal to enter a war without the will to win it. **-Douglas MacArthur**

Be convinced that to be happy means to be free and that to be free means to be brave. Therefore do not take lightly the perils of war. **--Thucydides--**

Management Controls Process Components for OSC

The Main components of the process are:

Army Regulation 11-2, Management Control Process: This is the main guidance for the Management Controls process.

Performance Objective Statement: The AR 11-2 requires each manager and critical management control personnel to have a statement for management controls responsibility in their performance objectives.

Management Control Plan: This is the schedule of required evaluations for each fiscal year. It is in a spreadsheet format.

Required Management Controls Evaluations: These consist of evaluations that the key Army functional proponents require that pertain to the OSC, and evaluations that the OSC developed as a result of audits and management reviews.

Reported Material Weaknesses: These are management control deficiencies that the organizations report in their assurance statements to the next higher level in the chain of command. Both the material weakness POC and Management Control Administrator need to track the material weakness.

Craig Borgh, borghc@osc.army.mil, DSN 793-4933

Labor and Production (L&P) Reporting Program Website

In our last issue of Productivity Today, we promised you an article on L&P reporting management challenges. Due to a few unforeseen problems with the reporting requirements, we decided to delay publication of that article. Also, the Army Audit Agency will be reviewing the L&P Reporting Program during the first quarter of the next fiscal year, and may provide us with additional information for the article.

For those of you who may not be aware, we have now included L&P Reporting Program policy and guidance on the Productivity Team's website. You may go directly to L&P reporting at http://www.osc.army.mil/rm/rmp/laborprod.htm. The website provides links to the following:

- Labor and Production Reporting - Policy Memo #42
- Memorandum, HQ IOC, AMSIO-RM, 30 April 1999, subject: Labor and Production Reporting
- U.S. Army Industrial Operations Command Methods and Standards Program Policy and Guidance, Labor and Production Reporting, 15 April 1999
- Labor and Production Review Program Steps
- Labor and Production Reporting Review, Letterkenny Munitions Center, 25 June 1999
- OSC-08, Management Control Evaluation Checklist, Labor and Production Reporting

Jesse W. Ivy, ivyj@osc.army.mil, DSN 793-4587

22 SEP REC'D

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
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WASHINGTON DC 20310-0200

REPLY TO
ATTENTION OF

Great! Colburn 9/27/00

15 SEP 2000

MEMORANDUM THRU COMMANDER, U.S. ARMY MATERIEL COMMAND,
ATTN: AMCCG, 5001 EISENHOWER AVENUE,
ALEXANDRIA, VA 22333-0001

FOR COMMANDER, OPERATIONS SUPPORT COMMAND, ATTN: AMSOS-CG
(MAJOR GENERAL JOSEPH ARBUCKLE), ROCK ISLAND, IL 61299-6000

SUBJECT: Department of Defense (DOD) Value Engineering (VE) Field Command Award

1. I want to congratulate you and your staff for earning the DOD VE Field Command Award. Your outstanding success in applying VE to reduce the cost of maintaining, repairing and rebuilding today's sophisticated weapon systems and munitions has helped the Army maintain its readiness at a reduced cost while transforming itself into a full spectrum force.

2. I appreciate the efforts of all those in the U.S. Army Operations Support Command who helped achieve nearly $37 million in savings and cost avoidance during Fiscal Year 1999. By implementing 52 in-house Value Engineering Proposals and 17 contractor initiated Value Engineering Change Proposals, you have effectively reduced the cost to maintain Army readiness. Your Command has established an aggressive VE training program that trained several hundred Government and contractor personnel. By sharing your training expertise, you have also enabled other Commands and Services to reduce the cost of Army materiel. Your proactive life cycle value management approach is a credit to your Command and to the DOD VE Program.

3. Looking for opportunities to reduce cost and improve value is tedious work, but your efforts have resulted in building a more effective Army for the present and future. I want to express my appreciation to you and your staff for your hard work to reduce the cost of maintaining Army readiness. I encourage you to continue your efforts in the coming years.

Eric K. Shinseki

ERIC K. SHINSEKI
General, U.S. Army

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To:

WE'RE ON THE WEB!
http://www.osc.army.mil/rm/rmp/